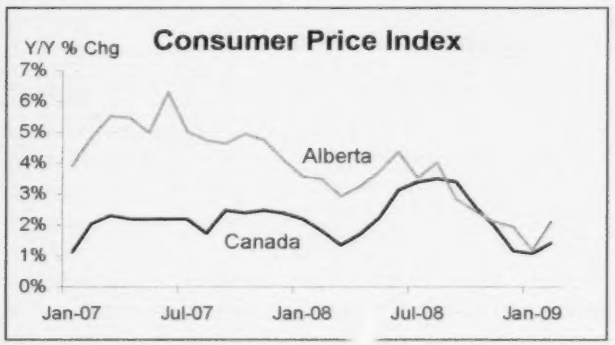
Weekly Economic Review

March 20, 2009

Consumer Price Index

Inflation surprises in February…

The Alberta inflation rate rose to 2.1% in February from 1.2% in January. Increased food (+7.7%) and furniture costs (+5.6%) were the main causes of the increase as the depreciating Canadian dollar lifted import costs. Nationally, inflation rose to 1.4% for similar reasons. In the United States, consumer prices rose by a mere 0.2% in February on a year-over-year basis. Rising food costs were matched with falling transportation and energy costs.



Retail and New Motor Vehicle Sales

Retail and auto sales up from January...

In January, Alberta retail sales halted their 3 month decline with a 1.6% month-over-month increase. Nationally, retails sales also rose 1.9%. Sales rose in 6 out of 8 sectors and were led by especially strong auto sales. Year-over-year, sales are down 4.5% in Canada and 6.3% in Alberta.

Following a sharp 13.4% decline in December, new motor vehicle sales in Alberta rose 7.3% in January.

Manufacturing Shipments

Manufacturing continues to suffer…

Manufacturing continues to suffer in Alberta. Despite the 0.6% increase in manufacturing shipments in January, shipments are still down 13.3% year-over-year. Computer and electronics (-34.8%), petroleum and coal (-28.7%), and wood products (-25.1%) are the worst affected industries. Nationally, manufacturing shipments are down 17.5% over the same period last year.

Alberta wholesale sales continued to decline in January. Sales were down 0.6% from the month before, but are still up 1.8% from last year.

Canadian Dollar (US¢/CS)	
March 20, 2009	80.83
March 13, 2009	78.44
2008-09 YTD	89.85
WTI Oil US$/bbl	
March 19, 2009	$ 51.61
March 12, 2009	$ 47.03
2008-09 YTD	$ 87.74
Nymex Natural Gas CS/MMBtu *	
Near-month Contract	
March 20, 2009	$ 5.30
March 13, 2009	$ 5.05

* Estimate based on Nymex Futures Market Price

Existing Home Sales

Resale market showing some signs of stabilzation…

While still weak, the Alberta housing market showed some improvement in February. Both the number of sales and average resale price were up from the month before. Despite the recent strength, on a year-over-year basis, the number of sales have declined 29.8% in Alberta and 26.8% nationally. The average resale price has fallen 9.2% in both jurisdictions from the same period last year.

ATB Financial Business Sentiment Index

Alberta businesses remain neutral on outlook…

Regardless of the global recession and weakness in Alberta's oil and gas sector, a recent ATB Financial survey of business sentiment remained virtually unchanged at neutral levels from the previous quarter.

US Federal Reserve

Fed aggressively expands US money supply…

In an effort to improve credit conditions and alleviate deflation concerns, the Federal Reserve Open Market Committee plans to dramatically expand the Fed's balance sheet by $1.15 trillion including the direct purchase of $300 billion in longer-term Treasury securities. Financial markets, commodities, and non-US currencies rallied on expectations of a weakening US dollar and improved credit conditions.

Alberta CURRENT ECONOMIC INDICATORS

March 20, 2009

Overall Economy	2007	2008	2009YTD*	(year-over-year % change unless otherwise noted) Sept	Oct	Nov	Dec	Jan	Feb
Real GDP (in 2002 $billions)	187.5	--	--	--	--	--	--	--	--
% change	3.1	--	--	--	--	--	--	--	--
Nominal GDP ($ billions)	258.9	--	--	--	--	--	--	--	--
% change	8.1	--	--	--	--	--	--	--	--
Population[1] (000's) (level)	3,511	3,585	--	--	3,611	--	--	--	--
% change	2.6	2.1	--	--	2.4	--	--	--	--
Net Interprovincial Migraton[1] (level)	33,809	10,010	--	--	4,927	--	--	--	--
Net International Migration[1] (level)	16,136	19,283	--	--	4,907	--	--	--	--
Net Non-permanent Residents[1] (level)	13,539	17,890	--	--	8,061	--	--	--	--
Labour Market									
Employment (000's)	1,959	2,013	2,014	2,022	2,035	2,032	2,023	2,026	2,002
% change	4.7	2.8	0.7	2.3	3.2	3.2	1.5	1.2	0.2
Unemployment Rate (%)	3.5	3.6	4.9	3.8	3.7	3.5	4.2	4.4	5.4
Average Hourly Wage Rate	6.0	5.7	5.3	5.5	6.2	5.0	4.1	6.2	4.5
Average Weekly Earnings	4.5	4.8	--	5.8	3.9	5.8	4.0	--	--
Labour Income[2]	11.4	8.6	--	8.2	--	--	--	--	--
Price Indices									
Consumer Price Index	5.0	3.1	1.7	2.8	2.4	2.1	1.9	1.2	2.1
Excluding food and energy	4.9	1.9	1.7	1.1	1.3	1.8	1.7	1.5	2.0
Non-Res. Const. Cost Index[3] (quarterly)	17.3	13.2	--	--	--	8.8 (Q4)	--	--	--
Farm Product Price Index	14.3	11.1	--	-0.6	1.3	-0.9	-4.7	--	--
Crops	41.4	26.3	--	-4.8	-9.2	-14.9	-20.7	--	--
Livestock	0.7	2.1	--	9.9	14.5	17.7	13.5	--	--
Household Sector									
Housing Starts (SAAR, 000's)	48.1	29.0	15.2	24.1	25.2	20.5	20.0	17.2	13.1
% change	-2.1	-39.7	-56.1	-57.2	-46.8	-52.7	-48.3	-51.5	-60.9
New Housing Price Index	22.5	0.7	-8.4	-3.4	-4.5	-5.1	-6.1	-8.4	--
Edmonton	32.1	1.0	-10.4	-5.8	-7.7	-7.9	-8.2	-10.4	--
Calgary	16.2	0.6	-6.5	-1.2	-1.6	-2.5	-4.3	-6.5	--
MLS Average Resale Prices	24.3	-1.4	-9.6	-5.0	-3.7	-4.2	-7.4	-10.0	-9.2
Edmonton	34.3	-2.0	-6.6	-5.6	-8.6	-2.0	-5.7	-4.5	-8.7
Calgary	18.7	-2.9	-11.1	-6.0	-5.6	-6.0	-9.4	-11.4	-10.8
Retail Sales	9.3	-0.2	-6.3	2.1	3.1	-5.9	-7.8	-6.3	--
New Motor Vehicle Sales	3.3	-7.2	-22.2	-1.9	-2.6	-11.6	-23.6	-22.2	--
Business Sector									
Public and Private Investment[4]	9.1	3.6	-14.0	--	--	--	--	--	--
Mining and oil and gas[4]	0.3	-1.4	-28.2	--	--	--	--	--	--
Rigs Drilling	-35.2	-2.1	-24.4	6.9	18.3	3.5	-10.2	-24.4	-43.9
Goods Exports (customs based)	5.3	33.2	-27.3	50.9	43.5	16.4	-7.9	-27.3	--
Energy	4.4	40.9	-31.5	63.7	50.8	18.0	-7.9	-31.5	--
Agriculture	9.8	28.6	-3.4	24.3	31.5	35.8	16.8	-3.4	--
Total Farm Cash Receipts (quarterly)	11.9	15.2	--	18.4 (Q3)	--	--	8.5 (Q4)	--	--
Manufacturing Shipments	1.9	6.9	-13.3	20.6	7.7	-4.8	-8.4	-13.3	--
Wholesale Trade	4.5	10.9	1.8	21.4	14.8	7.4	13.5	1.8	--
Building Permits	13.4	-16.5	-51.6	-12.0	-43.8	-14.7	-29.1	-51.6	--
Residential	10.7	-31.5	-66.1	-37.2	-35.2	-42.2	-37.2	-66.1	--
Non-residential	17.1	3.7	-39.3	28.3	-50.6	24.5	-21.4	-39.3	--

Alberta Finance and Enterprise

* YTD – year-to-date represents the change since the beginning of the year compared to the same period in the previous year.

[1] Quarterly; annual numbers are presented on a census year basis (July 1 - June 30). Year-to-date value is actual 2008. The October population estimate is also the 2009 year-to-date value.

[2] Total income earning in Alberta including wages and salaries, and supplementary income.

[3] Average of Calgary and Edmonton.

[4] 2009 based on initial investment intentions, 2008 preliminary actuals, and 2007 actuals

Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association) and Rigs Drilling (Canadian Association of Oilwell Drilling Contractors).

Alberta

CURRENT ECONOMIC INDICATORS, BY PROVINCE

	Canada	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
Conference Board Forecast (Winter 2009)											
Real GDP Growth											
2007 (actuals, Statistics Canada)	**2.7%**	9.1%	2.4%	1.7%	1.7%	2.7%	2.3%	3.3%	2.5%	**3.1%**	3.0%
2008	***0.7%***	1.0%	1.2%	1.6%	1.1%	1.0%	0.0%	2.7%	5.4%	**0.6%**	1.0%
2009	***-0.5%***	-2.6%	0.6%	-0.3%	0.2%	-0.4%	-1.2%	1.0%	1.6%	**-0.5%**	-0.1%
Population (As of October 1, 2008)											
Population	**33,441,277**	508,944	140,750	939,125	747,790	7,771,854	12,977,059	1,210,547	1,020,847	**3,610,782**	4,405,534
Annual Growth Rate[a]	***1.19%***	0.30%	1.54%	0.26%	0.19%	0.87%	1.07%	1.10%	1.49%	**2.36%**	1.64%
Net Interprovincial Migration											
2008 Census Year (July 1 2007 to June 30 2008)		1,299	42	-117	-325	-12,399	-16,522	-503	8,067	**10,010**	11,458
3rd Quarter (July 1 to September 30 2008)		823	127	-722	-741	-3,046	-3,200	-1,515	2,064	**4,927**	1,484
Employment											
Level Change (000s)[b]	**-232.3**	-7.6	-1.5	8.8	-2.4	-62.6	-143.4	5.7	14.5	**4.4**	-48.2
Percent Change[b]	***-1.4%***	-3.7%	-2.3%	2.0%	-0.7%	-1.6%	-2.2%	1.0%	2.9%	**0.2%**	-2.1%
Unemployment Rate, 2009 avg	**7.5**	14.7	12.1	8.8	8.8	7.8	8.4	4.7	4.4	**4.9**	6.4
Participation Rate, 2009 avg	***67.4***	59.1	67.5	64.8	64.9	65.2	67.7	69.6	70.5	**74.8**	65.8
Average Weekly Earnings (SA)											
December 2008	**801.92**	752.98	660.85	697.05	750.22	757.41	832.88	735.22	773.63	**888.97**	773.25
% Increase[c]	**2.7%**	3.4%	5.1%	2.8%	3.6%	3.0%	2.6%	2.8%	4.6%	**4.0%**	0.5%
Wage Settlements (February 2009)										**5.9%**	
CPI Inflation											
February Annual	**1.4%**	0.9%	1.0%	0.4%	0.3%	0.8%	1.5%	1.7%	2.6%	**2.1%**	1.5%
Excluding Shelter	**0.7%**	-0.1%	1.3%	0.0%	0.1%	0.5%	0.6%	0.9%	0.6%	**1.5%**	1.5%
Housing Starts (000s)											
SAAR February 2009	**134.6**	2.8	0.6	4.6	3.6	38.2	47.3	4.1	4.0	**13.1**	16.3
Retail Sales											
Percent Change[c]	**-4.5%**	-1.1%	-0.5%	-1.3%	-0.8%	-2.4%	-5.4%	-2.9%	0.3%	**-6.3%**	-6.9%
2008 Retail Sales Growth	**3.2%**	7.8%	4.9%	4.5%	4.9%	4.9%	3.3%	7.1%	10.4%	**-0.2%**	0.2%
Manufacturing Shipments											
Percent Change[c]	**-17.5%**	-40.7%	17.0%	-16.1%	-25.2%	-8.9%	-23.4%	-6.5%	-6.2%	**-13.3%**	-18.4%

a. Over the past 12 months
b. February 2009 Y/Y change, unadjusted for seasonal effects
c. January 2009 Y/Y change, unadjusted for seasonal effects
SA-Seasonally Adjusted

Source: Statistics Canada, Canada Mortgage and Housing Corporation and Conference Board of Canada